Finance and Administration Cabinet
2016 - 2018 Strategic Plan

a. Cabinet Number (2 digits) & Cabinet Name

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b.   Department Number (3 digits) & Department Name

750 — Office of the Secretary, Office of Administrative Services, Office of EEO and Contract Compliance, Office of General Counsel, Office of Policy and Audit

130 — Department of Revenue

758 — Office of the Controller

785 — Department of Facilities and Support Services

079 — Commonwealth Office of Technology

c.   Office/Unit Number (Optional) & Office/Unit Name

N/A

d. Agency Strategic Plan Origination Date

November 1, 2013

e.   Agency Strategic Plan Update/Revision Date

 October 14, 2015

f. Agency Strategic Plan Revision Number

N/A

I. Agency Mission Statement

Through leadership and innovation, provide centralized support services to all agencies of state government, other government organizations and the citizens of the Commonwealth.

II. Agency Vision Statement

Highly valued service delivery by engaged employees to satisfied customers

III. Agency Organizational Core Values

Conduct business in an ethical, fair and inclusive manner
Listen, learn and share information and resources
Efficiently operate with minimum expenditure and effort
Advance, grow and improve services and service delivery
Respond and assist others enthusiastically

IV. Statement of Alignment
with the Governor's Strategic Themes/Goals

Services of the Finance and Administration Cabinet provide the foundation upon which all other state government programs and organizations operate. Although many FAC operations are "back office" and not directly apparent to many of our citizens, every business and citizen is touched by FAC. Through the provision of office space, cost-effective and secure information technology systems, the timely payment of bills and benefits, best-value procurements or the collection of fees and taxes, FAC activities align with and support each of Governor Beshear's priority areas of focus.

During the 2016-2018 Biennium, the FAC has identified eight key business initiatives — in addition to the routine functions and lines of business assigned throughout the Cabinet. These initiatives do NOT comprise the only important initiatives of the Cabinet.... but do represent areas of particular expectation. The chart below depicts the relationship between each of the key initiatives and Governor Beshear's strategic themes.

	Create and protect 21st century jobs	Improve access to quality and affordable health care	Give all children valuable educational opportunities	Ensure safe communities	Provide ethical, transparent and honest state government	Develop energy resources in an environmentally friendly manner
Fraud Analytics					X	
IT Infrastructure Consolidation					X	X
Managed Print Phases 3 & 4					X	
KY Business One-Stop	X				X	
Procurement Process Improvement					X	
CEMCS					X	X
Routine Cabinet Operations	X	X	X	X	X	X
Dept. of Revenue Process Improvement Review					X	

Following are illustrative examples of FAC's involvement in achieving Governor Beshear's priorities.

A. Give all children valuable educational opportunities

The *KY Higher Education Assistance Authority and the KY Higher Education Student Loan Corporation, administratively attached agencies to FAC,* support the educational achievement of students across the Commonwealth. Both of these agencies provide a variety of services that improve students' access to higher education through several financial aid programs as well as disseminating information about higher education opportunities.

Three innovative and educational projects on the Kentucky State Capitol Campus, spearheaded by FAC's Dept. for Facilities and Support Services (DFSS), offer different learning experiences for students from across the Commonwealth.
The Capitol Education Center is one of the newest attractions. Originally used as a

space to house heating and cooling equipment, the building was completely repurposed and "recycled" as a modern learning facility for students. The Center is outfitted with a range of interactive and multimedia exhibits to educate visitors about sustainability, geography, tourism and government in Kentucky. The building also features a "green" design that incorporates solar panels, a wind turbine, recycled denim insulation and a rooftop garden.

Between the education center and the governor's mansion are two environmental educational areas, the Governor's Garden and a Monarch Waystation. Both of these are planted and maintained by DFSS. Students learn about sustainable agriculture and environmental impacts on species such as the Monarch butterfly and ways to mitigate negative impacts.

B. Create and protect 21st Century jobs

Through our leadership role in the development and implementation of a one stop business portal, *Kentucky Business One Stop,* the Finance and Administration Cabinet in conjunction with the Office of the Secretary of State and other agencies has created an extensive system of online services to simplify, streamline and expedite all necessary interactions between the business community and state government. Onestop.ky.gov allows the Commonwealth to compete effectively with other states, attract new and expanding businesses and assist existing businesses to operate and grow as expeditiously as possible. The project, mandated by KRS 14.250, provides a single, convenient portal to government services for businesses so they can register, file, pay, and otherwise interact online with government agencies to satisfy their business obligations to the Commonwealth.

Access and use of high-speed broadband internet supports and promotes 21st century commerce, economic development and personal communication and growth. In some rural areas of Kentucky, less than 50% of the population has access to basic internet connections and these communities suffer.

In 2014 - 15, the FAC spearheaded negotiations with consortium partners to launch KentuckyWired, the 3,400+ middle mile high-speed, high-capacity fiber optic network across the state beginning in the SOAR region first. KentuckyWired will bring broadband connections to every county. From there, communities, utility providers or others will build out fiber-to-the-premise.

Management of KentuckyWired now belongs with the newly created Kentucky Communications Network Authority, which is housed in the Office of the Governor. FAC will continue to support the project through administrative, legal, communications and

other support services.

Several other FAC functions support and protect 21st century jobs. These include a focus on timely tax refunds being processed and returned to taxpayers, which means money flows back into communities and businesses more quickly. FAC manages the procurement process, which positively impacts new or sustained jobs of vendor partners.

And finally, the Minority and Women Business Enterprise (MWBE) certification initiative encourages growth among Kentucky businesses owned by women and minorities and assists those businesses in locating and obtaining further business opportunities. The certification also allows these businesses to compete for work in states outside of the Commonwealth of Kentucky that require certification by a statewide body.   MWBE certification is a critical step toward creating, maintaining and promoting Kentucky's valuable women and minority owned businesses.

C. Improve access to quality & affordable health care

The FAC supports many of Governor Beshear's efforts to improve access to quality and affordable health care. Whether it is the Office of Procurement Services, the Department of Facilities and Support Services, or the Commonwealth Office of Technology — FAC places priority on health-related programs across the Commonwealth. The Commonwealth Office of Technology is a close partner on the health benefits exchange and continues infrastructure support.

D. Ensure Safe Communities

The *Kentucky Early Warning System,* operated by the Commonwealth Office of Technology, ensures timely communication among public safety personnel and emergency first-responders. As a "back office" operation, the majority of our citizens may not be aware that severe weather warnings and timely and targeted emergency response are made possible by the KEWS. The KEWS network provides a communications backbone for all county health departments, and children's residential, behavioral health and veterans facilities.

Recovery Kentucky, a program operated by KY Housing Corporation, supports safer communities through supportive housing, structured education and mutual-help reliance of Alcoholics Anonymous and Narcotics Anonymous. The recovery centers made possible by KY Housing Corporation help individuals move from chemical dependency to a life of sobriety — reducing a key cause of criminal activity.

E. Develop energy resources in environmentally sustainable manner

The FAC supports Governor Beshear's focus on developing energy resources in an environmentally sustainable manner through a strong focus on energy conservation and managed utilization, information technology consolidation (I3) and managed print services. FAC also focuses on LEED certification for new construction or leased properties as a way to reduce the state's impact on the environment.

A continuing priority of FAC in the next biennium, is the continued expansion and implementation of the *Commonwealth Energy Management and Control System (CEMCS).* CEMCS supports a more global ability to monitor, measure, report and conserve energy utilization in state-owned buildings statewide.

I3 consolidation has focused on improved IT infrastructure services for executive branch agencies and will continue over the next biennium for boards and commissions as well as other public entities. Another efficiency and environmentally friendly initiative is Managed Print Services. Phases I and II have been implemented in the last two years. Phases III and IV have started and are slated to continue in 2016.

F. Provide ethical, transparent, and honest state government

The FAC has a special opportunity to influence state government operations by modeling improved processes, high performance levels and professional and ethical conduct. Kentucky follows the model procurement code and over the last year the procurement process has been under extensive review for ways to make it more user friendly and streamlined. Work is currently underway on changing the process and will continue into 2016.

The FAC hosts and maintains the Commonwealth's *Open Door* web site. Open Door, a multi-agency web portal, allows citizens access to department and agency budgets, up-to-date state employee salary information, and information on Kentucky taxes, Open Records, and ethics.

In the next biennium, FAC is continuing its focus on an enterprise-wide fraud detection and prevention program known as the *Fraud Analytics* initiative.

V. Statement of Alignment with the Agency's Budget Request & 6-Year Capital Plan

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The FAC Strategic Plan is aligned with and supportive of both the Six-Year Capital

Plan and the Biennial Budget Request. The cabinet will continue to focus on efficient and effective operation of state government and the continuous availability of its services. FAC will continue to rely on the consolidation of services, reexamination of business processes, appropriate re-engineering and integration, the use of updated technologies and standardization of administrative practices.

While the Cabinet continually seeks improvement in its internal operational processes, the overall strategy is to become a leader in administrative methods and to drive appropriate change across all levels of government. Mindful of the continued economic challenges facing the Commonwealth, FAC places the highest priority on statutory compliance, preservation of existing facility or service maintenance and contingencies for unforeseen expenditures or major equipment purchases.

FAC is leading the way in utilizing public-private-partnerships (P3) as a way to move forward with important projects that otherwise might take years, if not decades, because of limited funding resources. Two prime examples of a P3 are KentuckyWired, the middle-mile fiber optic network initiative and the design, finance, build, operate and maintain partnership for the new state office building on Sower Boulevard.

VI. Situation Analysis/Environmental Analysis

Through the agencies that comprise the FAC, we are responsible for the construction and maintenance of state facilities, property management, expenditure control, state purchasing, postal, fleet management and printing services. The Cabinet provides the facilities and administrative support that enables agencies to provide public access to government. The Cabinet also provides management of finances, real property assets and information technology for all other state agencies; collects revenues, invests monies, accounts for financial transactions and provides oversight and manages procurement processes; and equips and supports information systems and infrastructure used throughout state government.

Rather than provide an extensive description of each of the departments, offices and divisions within the Cabinet, we have chosen to highlight key business initiatives that will deliver strategic benefit to the Commonwealth and other state agencies in the coming months and years. Detailed information about each of the organizational units is available in the FAC Budget Request, on-line at finance.ky.gov and contained within various governing statutes.

These initiatives are NOT the only important initiatives across the Cabinet....but do represent areas with particularly heightened expectation.

Commonwealth Energy Management and Control System (CEMCS)

Saving money and going "green" has been a focus for the Commonwealth since Governor Beshear signed an executive order mandating that the Commonwealth reduce energy consumption 15% by 2015 and 25% by 2025.

In response to that mandate, DFSS started the CEMCS project. CEMCS began with a pilot of 54 buildings that demonstrated facility-related energy reduction goals could be realized through the use of Enterprise Energy Management Systems (EEMS) on a statewide level. CEMCS is beyond the pilot stage and will continue to scale implementation across Kentucky's 7,000+ buildings over the next several years.

CEMCS is an innovative software application which is integrated to utility company billing, building automation systems and statewide accounting systems. The data collected from these sources enables the identification of energy-saving opportunities and verification of corrective actions that reduce energy use, and thus allows the Commonwealth to operate as much as 25% more efficiently in integrated facilities. To date there are 138 CEMCS connected facilities representing nearly 9.5 million square feet with savings totaling more than $16 million. For current savings figures, go to http://kyenergydashboard.ky.gov/.

Fraud Analytics

Through FAC leadership, Kentucky state government is leveraging technology to detect fraudulent payments, wasteful trends or suspicious activity in programs administered by state agencies. By implementing the SAS Enterprise Fraud Framework for Government, Kentucky now has a system that flags anomalies or identifies trends that signal possible corruption or fraudulent payments.

Today, the Health Benefits Exchange, Supplemental Nutritional Assistance Program (SNAP), the Temporary Assistance for Needy Families Program (TANF), and Medicaid/Medicare rely on the SAS Enterprise Framework. The Department of Revenue is now using modules for Individual Income Tax, Sales Tax and Corporation Tax. These modules supplement the department's existing fraud detection processes.

Other programs are being incorporated within the fraud detection framework. Workforce Development is working with SAS Unemployment Insurance Tax and will begin work in early 2016 on Unemployment Insurance Benefit.

Additional programs will be analyzed and on-boarded to extend the enterprise approach to detecting and preventing fraud and wasteful spending.

Department of Revenue Process Improvement Review

Based on an internal review and recommendations from a third party vendor, the DOR is focusing on business process improvement and re-engineering with the overall goal of achieving more efficient operations and results. This encompasses everything from training to electronic commerce. Training on everyday business processes and developing a leadership academy are key components. By increasing electronic commerce, DOR anticipates reduced operational costs, enhanced customer service and improved data quality.

Information Technology Infrastructure Consolidation (I3)

On October 23, 2012, Governor Beshear signed an executive order to centralize the Commonwealth's IT infrastructure services, computing equipment, and associated support staff in the Commonwealth Office of Technology (COT). The chief information officer was given operational and budgetary control of the centralized assets and functions as a member of the Governor's Executive Cabinet. Although the benefits of this centralization are many, the primary outcomes include reduced cost of IT operations across the enterprise, increased information sharing among agencies and the ability for agencies to focus on their programmatic missions rather than operational IT issues.

Consolidation is nearing 100% for executive branch agencies. Work over the next biennium will focus on bringing the Council on Postsecondary Education, the State Fair Board and nearly 400 boards and commissions onto a consolidated platform.

As part of consolidation, COT has already moved physical servers at agency locations to its virtual server cluster at the Commonwealth's Tier 3 Data Center (CDC). More than 1,800 physical servers were relocated to the CDC with 200 converted to virtual machines, providing savings to the agencies and also limiting the Commonwealth's carbon footprint.

Through consolidation, the Commonwealth is positioned to realize saving on IT service delivery, reduced security risks, defining the appropriate level of service and positioning consolidated agencies to take advantage of new business strategies and technologies.

Managed Print Services

By implementing managed print services (MPS), the executive branch is optimizing equipment, processes and costs associated with printing. The program maximizes savings to the Commonwealth while fully meeting each agency's unique business and print needs.

Phases 1 and 2 entailed device replacement and optimization. Current annualized savings by lease differences are just over $3.25 million. Power savings, space reductions, heat, etc. are nontangibles that reduce environmental impacts.

Phases III and IV will proceed through 2016 and focus on the optimization of current processes to reduce work and to reduce or eliminate printed material. Savings for Phases III and IV are yet to be determined and will be reported as data becomes available.

Kentucky Business One-Stop Portal(KyBOS)
FAC is continuing to develop and enhance services and functionality of the KyBOS and work on Phase III will continue into the next biennium.

Phases I and II of the KyBOS Program focused on creating the foundational technical components of the Program along with Commonwealth business services required by the Secretary of State, Cabinet for Economic Development and the Department of Revenue (DOR). Current KyBOS components have led to over $1 billion in payments though an electronic payment system, more than 10,000 registered individuals in the Security system, more than 4000 professional license renewals, and nearly $3 million in income tax withholding.

Phase III will address two key areas: 1)Enhancement of business services to other agencies such as the Public Protection Cabinet, Cabinet for Health and Family Services and the Office of the Attorney General, as well as expansion of tax filing and permits information for DOR and other agencies; and 2)Expanding the use of master data for securing, creating, storing and maintaining additional enterprise reference data.

The Kentucky Business One Stop (KyBOS) Portal, onestop.ky.gov, was launched on October 17, 2011, fulfilling the statutory requirements outlined in Senate Bill 8 (2011 Regular Session of the General Assembly).

Procurement Process Improvement Implementation
The Office of Procurement Services in the Finance and Administration Cabinet underwent an extensive third party review to streamline processes, practices and to identify and remove obstacles that negatively impact the procurement process for Commonwealth goods and services.

The following recommendations will be implemented in the next biennium:

- Realign the current organizational structure to be more strategic in procurements.

- Use data to establish consistent ability to evaluate performance measures.
- Increase existing small purchase delegated authority to agencies.
- Develop a Procurement Manual that establishes processes, roles and methods for agencies.
- Develop a Contract Management Manual to provide agencies with best practices and expectations for contract management processes that ensure compliance with laws, rules and regulations related to their specific programs and funding sources.
- Establish a training and certification program for agency procurement staff.

Strengthen Relationship with Frankfort/Franklin County

Over the next biennium, FAC will work closely with Frankfort officials to devise a plan best-suited for the demolition and replacement of the aging Capital Plaza Tower. This could include housing/retail/office space and improved waterfront access. An increased effort to engage state government in this planning project is important as the local community is heavily impacted by where government facilities are located and what decisions are made for future facilities.

VII. Measurable Goals, Objectives & Key Performance Indicators

Goal 1: Deliver high quality services to FAC customers

1.1 Measure FAC programs and services against expectations of external organizations

1.1.1 Commonwealth investment practices

1.1.2 Certificate for Achievement for Excellence in Financial Reporting from the Government Finance Officers Association

1.1.3 Audit exceptions in the APA statewide single audit and associated audits

1.1.4 Center for Digital Government ranking of electronic government services or web presence

1.1.5 Rating of the Kentucky Open Door website by US Public Interest rating Group

1.2 Retain a highly competent, ethical and diverse workforce

1.2.1   Employee turn-over ratio

1.2.2   Minority and female diversity

1.2.3   Job-specific staff development opportunities

1.2.4   Management skills development available to current management staff as well as staff interested in pursuing management opportunities in the future

1.2.5   Mandatory trainings or review

1.3 Meet the expectations of citizens and agencies across the executive branch

1.3.1   Voluntary electronic tax filers

1.3.2   Post-procurement contract management and review

1.3.3   Dept of Revenue productivity

1.3.4   MWBE certification program participation

1.3.5   Business registrations and filings via Business One-Stop

1.3.6   Increased number of agencies brought into Business One-Stop

1.3.7   Increased number of services offered through Business One-Stop

Goal 2: Operate with the greatest level of efficiency

2.1 Strengthen use of shared services offered by FAC

2.1.1   Enterprise-wide use of centralized IT services

2.1.2   Discounted rates for US postal services

2.1.3   ePay utilization

2.1.4   EFT utilization

2.1.5   Maximize centralized or shared investments

2.1.6   Energy utilized in state-owned buildings

2.1.7   Devices included in managed print program

2.1.8   Debit cards issued

2.2 Strengthen dialogue with FAC staff

2.2.1   Continue weekly FAC-wide e-newsletter

2.2.2   Renovate and re-launch the FAC intranet

Goal 3: Administer governmental operations effectively

3.1 Increase the accountability of state government via transparency

    3.1.1 Maximize information available via Open Door
    3.1.2 Open records request processing
    3.1.3 Programs included in fraud analytics program

3.2 Reinforce principles of data quality in the Commonwealth's management systems

    3.2.1 Develop and conduct eMARS data quality workshops for all eMARS user agencies 3.2.2 Implement master data management for enterprise "golden record"

    3.2.3 Conduct informational seminars for local officials by Dept of Revenue

    3.2.4 Strengthen Dept of Revenue-sponsored outreach

    3.2.5 Professional development opportunities within staff workplaces

3.3 Continuity of governmental operations

    3.3.1 Develop a backup and job turnover plan for employees
    3.3.2 Create a leadership development program for FAC staff
    3.3.3 Institutionalize and formalize the processes and practices of FAC
    3.3.4 Finalize Alternate Data Center capabilities